

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL No. 6055



INTRODUCED BY REP. SUN JUDAL SHIMURA

EXPLANATORY NOTE

Natural and human induced calamities repeatedly inflict heavy loss of life, property damage, and prolonged disruption of basic services and local economies. In their wake, families and enterprises face severe cash flow stress from lost income and destroyed assets, even as tax obligations remain due and enforceable. This mismatch slows recovery and delays the return of normal economic activity.

This measure establishes a predictable system of tax relief in areas placed under a state of calamity. It authorizes time bound and clearly defined interventions that ease immediate burdens while preserving government revenues in the medium term, namely:

1. Extension of deadlines for filing returns and paying national taxes
2. Suspension of penalties, surcharges, and interest during the relief period
3. Deferment or partial waiver of tax obligations when warranted by the extent of damage and loss
4. Suspension of the assessment and collection of real property taxes in affected localities for one fiscal year, with payments to resume afterward in staggered installments

To support private relief and rehabilitation efforts, the bill also grants automatic exemption from donor's tax for donations intended for calamity victims, subject to a ceiling that not more than ten percent of the donated amount may be used for administrative expenses.

The policy goal is simple and practical. Give disaster stricken communities immediate fiscal breathing room so they can rebuild livelihoods, restore services, and restart local commerce, while setting clear rules for the resumption of obligations once minimal stability returns.

By institutionalizing timely and targeted tax relief, the State affirms its duty to advance social justice, protect vulnerable sectors, and strengthen economic resiliency through partnership with local governments and the private sector.

In view of the foregoing, the early passage of this bill is earnestly sought.



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**AN ACT PROVIDING TAX RELIEF IN AREAS
UNDER A STATE OF CALAMITY**

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled

SECTION 1. *Short Title.* This Act shall be known as the Tax Relief in Calamity Areas Act.

SECTION 2. *Declaration of Policy.* It is the policy of the State to adopt a holistic, comprehensive, integrated, and proactive approach to lessen the socioeconomic and environmental impacts of disasters and to promote the participation of all sectors at all levels, consistent with Republic Act No. 10121. Fiscal measures under this Act shall provide timely relief that preserves livelihoods, maintains enterprise viability, and supports recovery while safeguarding the revenue base.

SECTION 3. *Definitions.* For purposes of this Act:

- a. **Calamity** refers to a condition involving mass casualty and or major damage to property, disruption of the means of livelihood and of normal life in affected areas due to natural or human induced hazard, consistent with Republic Act No. 10121.
- b. **Covered Area** refers to any province, city, or municipality placed under a state of calamity by the President, the National Disaster Risk Reduction and Management Council, or the proper Sanggunian in accordance with law.
- c. **Covered Period** refers to the period of one fiscal year counted from the date the state of calamity takes effect in the Covered Area, unless earlier lifted under Section 5.
- d. **Covered Taxpayers** refers to individuals, estates, trusts, corporations, partnerships, and other juridical persons whose residence, principal place

of business, branch, or fixed place of activity is within a Covered Area, and who are directly affected by the Calamity.

- e. **Additions to the Tax** refers to interest, surcharges, and penalties under the National Internal Revenue Code of 1997, as amended.
- f. **Real Property Tax** or RPT refers to the basic real property tax and such additional ad valorem tax on idle lands or special education fund levy as may be imposed by local government units in accordance with law.

SECTION 4. *Triggering Event and Coverage.* Upon a declaration of a state of calamity in a locality, the tax relief in Sections 6 to 9 shall automatically apply in that locality to Covered Taxpayers for the Covered Period. The Department of Finance and the Bureau of Internal Revenue shall publish a list of Covered Areas, the effectivity date per locality, and a simple guide to availment within fifteen days from the declaration.

SECTION 5. *Early Lifting.* If the state of calamity is lifted before the end of the Covered Period, the Secretary of Finance may shorten the relief period for good cause after consultation with the local government unit concerned, provided that no relief already validly availed shall be clawed back.

SECTION 6. *Relief for National Internal Revenue Taxes.* For Covered Taxpayers during the Covered Period:

- a. *Filing and Payment Extensions.* Deadlines for filing returns and paying internal revenue taxes that fall due during the Covered Period are extended to the last day of the month following the end of the Covered Period.
- b. *Installment Payment.* Amounts due for returns and assessments that fell due during the Covered Period may be paid in equal monthly installments over six months starting on the first day after the extension in paragraph a, without Additions to the Tax during the installment schedule, provided the taxpayer complies with the schedule
- c. *Suspension of Additions to the Tax.* Additions to the Tax shall not accrue on liabilities that fell due during the Covered Period, from the original due date until the end of the extension or installment schedule under this Section
- d. *Abatement for Reasonable Cause.* The Commissioner of Internal Revenue shall abate Additions to the Tax incurred because records were lost or access to facilities was prevented by the Calamity, upon submission of reasonable alternative proof as provided in Section 10

- e. *Suspension of Audit and Enforcement.* Field audits, distraint, levy, and similar enforcement actions within Covered Areas are suspended during the Covered Period, except in cases with prima facie fraud or to prevent imminent loss of revenue. Prescriptive periods and protest or appeal periods are tolled during the Covered Period

SECTION 7. *Clarification for Withholding Agents and VAT.* During the Covered Period:

- a. Withholding agents shall continue to withhold and remit taxes to the extent practicable. Late remittances resulting from direct Calamity impact may qualify for abatement of Additions to the Tax under Section 6 (d).
- b. For value added tax, output tax and input tax treatment under existing law shall continue. Filing and payment relief under Section 6 applies to VAT returns and remittances that fall due during the Covered Period.

SECTION 8. *Real Property Tax Relief.* Within each Covered Area

- a. *Suspension.* Assessment and collection of RPT is suspended for one fiscal year beginning on the date of the declaration of the state of calamity
- b. *Resumption and Installments.* After the suspension, payment shall resume and may be settled in three equal staggered installments payable on the last day of the third, sixth, and ninth month following resumption
- c. *No Interest and Surcharges.* No interest or surcharges shall accrue on RPT liabilities that were suspended and paid in accordance with paragraph b
- d. *Coordination.* The Department of the Interior and Local Government and the Bureau of Local Government Finance shall issue joint guidelines to local government units on uniform computation, billing, and collection following this Section.

SECTION 9. *Donor's Tax Exemption for Calamity Donations.* Any donation or contribution made through or in the name of any duly organized entity intended exclusively for the benefit of victims in a Covered Area is exempt from donor's tax.

The exemption:

- a. Applies automatically without accreditation, prior approval, or certification as a condition for availment.
- b. Is subject to the limitation that not more than ten percent of the donated amount may be used by the donee for administrative expenses.

- c. Requires the donee to keep records of receipts and disbursements for audit, using reasonable alternative documentation where primary records were lost due to the Calamity as provided in Section 10.

SECTION 10. *Alternative Documentation and Safe Harbor.* To facilitate compliance where primary records were lost or damaged due to the Calamity

- a. The Bureau of Internal Revenue shall accept reasonable secondary evidence such as bank statements, electronic invoices, supplier certifications, insurance adjuster reports, and sworn declarations with supporting photos or geotagged records
- b. Taxpayers who adopt the Bureau of Internal Revenue safe harbor schedules and templates issued under this Act shall be deemed to have substantially complied in good faith, subject to post relief verification

SECTION 11. *Anti Fraud Safeguards.* Nothing in this Act condones tax evasion or prevents the investigation and prosecution of fraud. Relief may be denied or withdrawn in cases of willful misrepresentation, sham transactions, or diversion of donations for private benefit.

SECTION 12. *Implementing Rules and Issuances.* Within fifteen days from effectivity, the Department of Finance, the Bureau of Internal Revenue, the Department of the Interior and Local Government, and the Bureau of Local Government Finance shall issue the necessary rules, revenue regulations, and circulars to implement this Act, including model notices, sample computations, and a public list of Covered Areas and effectivity dates.

SECTION 13. *Relation to Other Laws.* This Act supplements the National Internal Revenue Code of 1997, as amended, and relevant local government tax laws. In case of conflict, this Act shall prevail with respect to Covered Areas and the Covered Period.

SECTION 14. *Separability.* If any provision of this Act is held invalid or unconstitutional, the remaining provisions shall remain in full force and effect.

SECTION 15. *Repealing Clause.* All laws, decrees, orders, rules, regulations, or parts thereof inconsistent with this Act are repealed or modified accordingly.

SECTION 16. *Effectivity.* This Act shall take effect fifteen days after its publication in the Official Gazette or in two newspapers of general circulation in the Philippines.

Approved.